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# THE JOURNAL OF POLITICAL ECONOMY

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## THE WORK OF THE WAGE-ADJUSTMENT BOARDS

Before the war there existed for the mediation and arbitration of industrial disputes the following agencies: (1) the Labor Department of the United States; (2) the Mediation Commission, appointed under the Newlands Act of 1913 for the avoidance of strikes on the railroads; and (3) conciliation and arbitration boards of the various states.

The services of the Mediation Commission were confined to disputes involving workers engaged in the actual movement of railroad trains. The Commission did excellent work, although the passage of the Adamson Law was necessary in September, 1916, to avert a strike which threatened to tie up the country's entire transportation system.

In the individual states boards of arbitration and conciliation had in many cases been provided for prior to our entry into the war, but with one or two exceptions their work was not important. The most active of these state boards had been that of Massachusetts, which, by reason of joint agreements in the boot and shoe industry, was made arbitrator of controversies which trade committees of that industry were unable to settle. The other state tribunals did very little arbitrating,<sup>1</sup> nor was their mediatory work an important factor in the settlement of industrial disputes.

<sup>1</sup> Barnett and McCabe, *Mediation, etc., in Industrial Disputes*.

In addition to these government tribunals there existed conciliation boards created by joint agreements between employers and workers in industries where the workers were strongly organized into unions. These agreements were as a rule for the period of one year and usually prevented strikes during the time of their operation. No machinery, however, was provided to facilitate their renewal in case of a hitch in the conferences which were held annually for this purpose, and strikes often followed a failure to renew them. By far the larger part of industry, however, was unorganized and not protected by trade agreements. The only facilities for avoiding disputes for this part of the community, at a time when the increased cost of living, together with a growing scarcity of labor, made frequent conflicts extremely likely, were the very inadequate ones referred to previously.

#### THE UNITED STATES LABOR DEPARTMENT

The United States Labor Department, created in 1913 and vested with federal authority to act as mediator in labor disputes, did not for the first few years of its existence carry out these functions very actively. Its participation in the settlement of strikes increased, however, year by year, and for the six months' period before our entry into the war the Department was very much busier than at any other time in its history. During the early months of the war the mediating work of the Department increased still more, the Secretary of Labor personally taking an active part in the settlement of some important controversies.<sup>1</sup>

Excellent as was much of the work of the Department, there were a number of reasons which made the creation of other mediating agencies seem desirable. In the first place, it was without funds to handle the increased volume of work, and Congress seemed unwilling to make the necessary appropriations. Furthermore, there was lacking among many large employers of labor that confidence in the impartiality of the Labor Department which is necessary to insure the successful exercise of arbitral and mediating functions. This was due in part to the fact that the law creating the Department stated its purpose to be "to foster, promote, and

<sup>1</sup> *Annual Reports*, Department of Labor, especially reports of 1917 and 1918.

develop the welfare of the wage-earners of the United States" rather than to exercise a general jurisdiction over industrial questions.

An unfortunate and incorrect impression became current in many places that the Department was controlled by the labor unions, and that practically all of its personnel were or had been connected with organized labor. A more careful examination of the facts would have shown that the members of the Department came from many different walks of life and included not only former labor leaders but also former employers, college professors, lawyers, and others. This misunderstanding as to the Labor Department's attitude, whatever its origin, was shared to a marked degree by the large employers of labor, to whom the government had to turn for much of the most urgently needed war material.

#### TRIBUNALS CREATED DURING THE WAR

For the first two months of the war nothing was done to create additional machinery for handling the problem. During the succeeding period many tribunals were established, which will be briefly described in this paper. It is extremely unfortunate that in those early formative months there was not adopted a broad and comprehensive plan for war-labor administration which would have provided machinery for the settlement of labor disputes as the need developed, together with a plan of organization that would have avoided overlapping and conflicts of jurisdiction. A group of principles applicable to every industry could at that time have been worked out so as to approximate uniformity in the treatment by the government of different classes and groups of labor.

There were some factors which tended to harmonize decisions and eliminate inconsistencies, especially as to general principles, but no action sufficiently radical to prevent conflicts of jurisdiction or to secure uniformity of wage awards was taken.

The government met labor problems in very much the same way in which so many other difficulties connected with the war were overcome. As particular needs developed the machinery was improvised to meet them, not in accordance with a large plan, but in the manner which seemed most practicable to the individuals

who happened to represent the department in which the problems arose. There was no uniformity of method, principle, or practice. Inconsistencies were many; overlapping of jurisdiction frequently occurred, resulting occasionally in different awards for the same men and in different awards for men carrying on the same trade in the same locality but working for different departments of the government. In spite of all the confusion, however, there was very little loss of working time. Strikes were numerous but seldom of long duration, especially after the first six months of the war.

Seventeen different government boards or commissions with nation-wide jurisdiction were created. The organization of these boards and of the local branches to which many of them delegated a portion of their responsibility will be briefly described. The principles which they sought to apply will then be examined and compared, the nature and scope of their work considered, and a short account given of the effect of their efforts upon industrial conditions during the war.

Too short a time has elapsed to permit of any accurate estimate of what will be the ultimate influence of the war upon industry, as a result either of the activities of the government or of the more far-reaching and radical changes which may be expected from the political and industrial upheavals of Europe. We may be sure, however, that future historians will find many significant developments brought to the surface by the extraordinary labor conditions produced by the war; and the thousands of pages of testimony and other data accumulated by the national mediation boards will disclose, among a large amount of useless matter and infinite repetition, much material giving a vivid picture of our industrial conditions and of the attitude of capital and labor toward each other and toward the government, and containing a large variety of information bearing on all phases of the industrial problem.

#### THE EMERGENCY CONSTRUCTION WAGE COMMISSION

The first board to be created was one to meet the most immediate need, namely, the Cantonment Adjustment Commission, later known as the Emergency Construction Wage Commission. This resulted from an agreement made June 19, 1917, between Newton

D. Baker and Samuel Gompers as individuals.<sup>1</sup> In amplifications of the original agreement they sign as Secretary of War and President of the American Federation of Labor respectively.

The Cantonment Adjustment Commission<sup>2</sup> was established to facilitate the construction of the cantonments and was considered a temporary arrangement that would last a few months only. The immediate object was to induce union building-trade mechanics to work with non-union men. For this concession the government agreed that the union scale of wages, hours, and conditions in force on June 1, 1917, in the locality where each cantonment was situated should be adopted.

The jurisdiction of the Commission was later extended to aviation fields and warehouse and storage facilities, and on August 10, 1917, it was agreed between the Secretary of the Navy and Mr. Gompers that the method of labor adjustment for army cantonments should be applied to naval shore construction.<sup>3</sup>

The Board divided the country into districts and appointed examiners in each district. Any difficulty which the examiner was unable to settle was reported to the Board by the examiner, the construction quartermaster, and a representative of the union for the trade involved. Both sides to the controversy were represented in these reports, and decisions of the Commission could be based thereon.

Later the number of representatives of the Board was increased so that there were two examiners for each district (usually commissioned officers), and a large statistical and clerical staff was added.

About May 1, 1918, the Board was instructed by the War Department to standardize wages in the building industry for the

<sup>1</sup> Louis B. Wehle, in *Quarterly Journal of Economics*, XXXII, 124.

<sup>2</sup> The first members of the Board were General E. A. Garlington, as representative of the War Department; John R. Alpine, as representative of labor; Walter Lippmann, representing the public. General Garlington was succeeded by Colonel S. K. Ansell, who in turn was succeeded by Colonel J. H. Alexander, who since his appointment in April, 1918, has been chairman of the Board and its most active member. Walter Lippmann was succeeded by Stanley King, who was followed by Dr. E. M. Hopkins.

<sup>3</sup> *Quarterly Journal of Economics*, XXXII, 126.

entire country. It had proceeded quite far in the necessary steps preliminary to the carrying out of this order when, after the creation of the National War Labor Policies Board and its decision to standardize wages in all trades (a decision which was never carried out), the instructions to the Cantonment Adjustment Commission were withdrawn, and it was directed to transmit its material to the War Labor Policies Board.

In addition to the Emergency Construction Commission a number of other boards exercised wage-adjusting functions in the building trades. The Shipbuilding Labor Adjustment Board had jurisdiction over wages of building mechanics doing work in the shipyards; and the Housing Departments, both of the Emergency Fleet Corporation and of the Labor Department, over whose work the Emergency Construction Wage Commission had no jurisdiction (although the Housing Department of the Emergency Fleet Corporation worked more or less in harmony with the Commission), were forced to adjust disputes and settle wages in connection with their own work. Unrest and confusion inevitably resulted from the fact that these four separate government bodies each exercised authority to fix wages in the building industry for mechanics employed in the same territory. In one important case two of these boards came to exactly opposite conclusions from the same statement of facts, and had it not been for the large earnings of the men due to overtime work the results of this overlapping of jurisdiction would undoubtedly have been more serious.

#### LABOR BOARDS IN THE SHIPBUILDING AND ALLIED INDUSTRIES

In spite of the necessity in the first months of the war for an absolute maximum of production, labor disturbances of considerable magnitude were occurring in a number of war industries, and by August and September, 1917, the need for better means of controlling the situation and avoiding cessations of work brought about the creation of six additional agencies.

#### THE SHIPBUILDING LABOR ADJUSTMENT BOARD

On August 25, 1917, the Shipbuilding Labor Adjustment Board was provided for by agreement between the Navy Department, the United States Shipping Board Emergency Fleet Corporation, and a

number of international unions, members of the American Federation of Labor.<sup>1</sup> It was vested with jurisdiction over labor disputes in the shipyards, concerning the erection and repair of shipbuilding plants paid for by the Emergency Fleet Corporation or the Navy, and the construction and repair of ships being built for the Shipping Board Emergency Fleet Corporation or the Navy (not including navy yards).

It has been a most active body during the entire period of the war. The work in the field, the settlement of minor disputes, and the application of awards were all attended to by examiners appointed by the Board for each of the shipbuilding districts into which the country was divided by the Emergency Fleet Corporation. Employees and shipbuilders were encouraged to agree upon an examiner, and in cases where they could do so he was appointed by the Board.

The awards were at first for individual shipyards and single districts, but as the necessity for greater uniformity in wage rates became more and more evident the territory covered by the awards became larger, until in the last decisions of the Board the country was divided into only two parts, the Atlantic Coast, together with the Gulf and Great Lakes, constituting one division, and the Pacific Coast the other.

The Board has faced many serious situations, but after the difficulties of the summer and fall of 1917 on the Pacific Coast were straightened out it was able to maintain practically continuous operation in all the trades engaged in shipbuilding, until the signing of the armistice, when serious trouble once more occurred on the Pacific Coast.

The original agreement creating the Shipbuilding Labor Adjustment Board made no provision for appeals from the decisions of

<sup>1</sup> All important unions signed except the carpenters. The members of the Board were V. Everit Macy, chairman, appointed by the President of the United States; E. F. Carry, appointed by the Navy Department and the Shipping Board; and A. J. Berres, representing the American Federation of Labor. Mr. Carry was succeeded by Louis B. Coolidge, and Mr. Coolidge by Dr. L. C. Marshall. Henry R. Seager was secretary of the Board and was later succeeded by W. E. Hotchkiss. See *Report of Shipping Board for 1918*; *Monthly Review*, U.S. Bureau of Labor Statistics, March, April, and May, 1918; *Quarterly Journal of Economics*, November, 1917, and February, 1918; *Journal of Political Economy*, March, 1919.



the Board. As a result, however, of the difficulties on the Pacific Coast in the fall of 1917 a supplementary agreement was signed on December 8, 1917, providing for a Board of Appeal and Review, to consist of six members, three representing the government and three organized labor. No provision was made for the possibility of a failure of the Board of Appeal and Review to agree upon a decision. Few cases were appealed and no difficulty was encountered until after the signing of the armistice, when very bitter controversies arose once more on the Pacific Coast, caused by the wage demands of the Seattle metal trades. The Adjustment Board having decided against them, the Metal Trades Council appealed to the Board of Review; at the same time an appeal was taken by employers who objected to the retroactive features of the October, 1918, award. In both cases there was a tie vote in the Board of Review, which was ruled to be equivalent to upholding the original award. Because of this and other contributory reasons, a very bitter strike, not sanctioned by the national officers of the union, ensued on January 21, 1919.

#### NATIONAL ADJUSTMENT COMMISSION (LONGSHOREMEN)

The National Adjustment Commission for the settlement of disputes of longshoremen was created in August, 1917, by agreement signed on behalf of the War and Labor departments, the Shipping Board, the shipping operators on the Atlantic and Gulf coasts, the International Longshoremen's Association, and the American Federation of Labor.<sup>1</sup> Local adjustment commissions, with the right of appeal to the National Adjustment Commission,

<sup>1</sup> Chairman's report, National Adjustment Commission, for the period ending December 31, 1918. The Commission consisted of Walter Lippmann, representing the Secretary of War; R. B. Stevens, the Shipping Board; T. V. O'Connor, the International Longshoremen's Association; P. A. S. Franklin and H. H. Raymond, nominated by the Shipping Committee of the Council of National Defense. See also *Monthly Review*, U.S. Bureau of Labor Statistics, October, 1917. Mr. Stevens was elected chairman and Louis Levy Secretary. Stanley King succeeded Walter Lippmann, Robert P. Bass succeeded R. B. Stevens, and in March, 1918, Messrs. Franklin and Raymond resigned, and six representatives of deep-sea and six of coastwise shipping were elected in their places to serve when occasion demanded. On January 1, 1919, Professor Wm. Z. Ripley became chairman of the Commission. Stanley King had been succeeded by Dr. E. M. Hopkins, who in turn was succeeded by Major S. J. Rosensohn.

were created in twenty-six ports: wages and conditions were adjusted therein, and many appeals were taken to the National Adjustment Commission.<sup>1</sup> The personnel of the local commissions consisted of one representative of the Government, that is to say of the War Department and Shipping Board; one representative of the International Longshoremen's Association, and one representative of either the coastwise or deep-sea shipping.

#### THE NEW YORK HARBOR WAGE ADJUSTMENT BOARD

A threatened tie-up of all the harbor craft at New York in the fall of 1917 led to an effort by the Shipping Board to avert what at that time would have amounted to a catastrophe, by the creation of an adjustment board consisting of a chairman, representing the government, and two other members, one representing the employers and the other the organized workers, and an agreement creating such a board was signed by representatives of the men. The bitter opposition, however, of the New York Harbor boat-owners to a group of unions of their employees, known as the Harbor Affiliation, and their refusal to submit to the jurisdiction of a board containing in its membership a representative of the Harbor unions, led to the creation on October 20, 1917, of a special board<sup>2</sup> of three members, one representing the Shipping Board, one the Department of Commerce, and one the Department of Labor.<sup>3</sup>

The Board had an exciting history, complicated by the fact that among the employers in the harbor of New York were the city of New York and the Railroad Administration, the former limited in its wage payments by the state laws, and the latter, employing 40 per cent of the harbor workers, possessing its own wage-adjustment machinery and not wishing to submit the adjustment of the wages of its employees to the harbor Board.

The Board had also great difficulty in inducing all the private owners to submit to its jurisdiction and to comply with its decisions, it having been necessary to threaten to commandeer their boats and in a few cases to institute proceedings for this purpose before some

<sup>1</sup> Chairman's Report, National Adjustment Commission.

<sup>2</sup> *Second Annual Report*, United States Shipping Board, p. 87.

<sup>3</sup> B. M. Squires, in *Monthly Labor Review*, September, 1918, and February, 1919.

of the owners could be induced to submit to the decisions of the Board. The employees were represented by aggressive and radical leaders, and in the spring of 1918 two appeals were taken to the National War Labor Board, which, however, did not at that time attempt to decide the controversies but, by means of conferences with all parties in interest, brought about a modification of the arbitration agreement so as to include as members of the Board a representative of the employers and one of the employees. A rehearing was held before the new Board, but before a decision could be announced further complications with the Railroad Administration caused the arbitration agreement to be again amended so as to add to the Board a representative of the Railroad Administration and a second representative of the employees, thus bringing the membership of the new Board up to seven.<sup>1</sup>

At a later date the insistence of the Railroad Administration on making its own awards for harbor workers in its employ led in November, 1918, to the resignation of the Board. After a strike which tied up the entire harbor of New York the case was heard by the National War Labor Board. The same reactionary attitude which characterized the employers in their dealings with the New York Harbor Wage Adjustment Commission was once more shown in their attitude toward the National War Labor Board, and although the employees were willing to return to work and agreed to submit to the jurisdiction of the War Labor Board, only one of the private owners was willing to do so, in spite of a direct appeal from the President of the United States that this course be adopted by all parties. These events are all so recent and received so much publicity in the daily press that it is hardly necessary to go into further details; nor would the space available in an article which attempts to cover the entire field of government mediating agencies permit of a careful analysis of all the many complicating elements in the case.

<sup>1</sup> The first Board consisted of the following: Lieutenant-Colonel W. B. Baker, representing the War Department and the Shipping Board; George P. Putnam, representing the Department of Commerce; and Ethelbert Stewart, representing the Labor Department; William Simmons and W. B. Pollock, and T. V. O'Connor and T. L. Delahunty, were added to represent the employers and employees respectively.

Suffice it to say that the War Labor Board, having been unable to agree upon a decision, appointed an umpire whose decision did not please anybody and was so unsatisfactory to the men that a second strike resulted. In spite of the fact that the men themselves had appealed to the War Labor Board and had agreed to abide by its decision, and that the government employers as well as one private employer had done likewise, the men went on strike once more and tied up the railroads as well as the private owners. An agreement modifying the decision of the umpire was very soon reached with the Shipping Board and the Railroad Administration, thus ending the strike with respect to them. The private owners refused to accept the settlement and displayed a great deal more righteous indignation in the matter than they were justified in doing, considering the fact that they themselves had never agreed to be bound by the decision of the National War Labor Board. The handling of the entire harbor situation in New York was most unfortunate. A part of the blame certainly rests with the government agencies, the conflicts of jurisdiction having been most exasperating. The conduct of some of the employers in resisting the authority of the Board and violating its decisions was a constant source of irritation to the workers and might at any time during the war have resulted in a disastrous strike; nor were the employees blameless, especially in their recent conduct. This is one of our war-labor experiences to which the country will look back with least pride or satisfaction.

THE MARINE AND DOCK INDUSTRIAL RELATIONS DIVISION OF THE  
SHIPPING BOARD

The Marine and Dock Industrial Relations Division was created late in the war, on September 19, 1918, to act as a co-ordinating agency in all labor matters affecting the Shipping Board and to supervise labor connected with the operation of vessels and marine equipment.<sup>1</sup> Its jurisdiction was largely over the men who operated the vessels, while the National Adjustment Commission dealt with those engaged in loading them.<sup>2</sup>

<sup>1</sup> *Report of Shipping Board*, 1918.

<sup>2</sup> Herbert B. Ehrman is director of the Marine and Dock Industrial Relations Division.

## INDUSTRIAL RELATIONS DIVISION, EMERGENCY FLEET CORPORATION

The Industrial Relations Division of the Emergency Fleet Corporation, organized in May, 1918,<sup>1</sup> had general supervision of labor conditions and the construction of shipbuilding plants connected with shipbuilding. Its work was divided into many branches in an effort to procure labor for the shipyards and to make it efficient. This division acted as the administrative body for the Shipbuilding Labor Adjustment Board<sup>2</sup> and, through its Labor Adjustment Branch, had direct jurisdiction over labor disputes in subcontract shops working for the shipyards in the manufacture of boilers, engines, and other accessories.

This completes our glance at the work of the different labor branches of the Shipping Board, and we must now turn back to August, 1917, to take up the other boards which were formed at this time.

## ARSENALS AND NAVY YARD COMMISSION

On August 15, 1917, the Arsenal and Navy Yard Commission was organized by the War and Navy departments.<sup>3</sup> The original intention was that joint wage awards should be made for arsenals and navy yards, many of the same trades being employed in both. This plan, however, was never carried out. After the organization of the Commission a number of sessions were held, but the War Department was not ready to join the Navy Department when the latter was about to make its first wage award for navy yards. Thereafter each department set its own wage scales after conference with the other but without formal action by the Commission.

## BOARD OF CONTROL OF LABOR STANDARDS IN ARMY CLOTHING

On August 24, 1917, the Board of Control of Labor Standards in Army Clothing<sup>4</sup> was appointed by the War Department. Its functions were principally connected with supervision of social

<sup>1</sup> *Report of Shipping Board*, 1918.

<sup>2</sup> L. C. Marshall was director of the Industrial Relations Division and also a member of the Shipbuilding Labor Adjustment Board.

<sup>3</sup> The first members of the Board were Franklin D. Roosevelt, Assistant Secretary of the Navy; Walter Lippmann, representing the Secretary of War; and William Blackman. Stanley King succeeded Walter Lippmann. *Monthly Review*, U.S. Bureau of Labor Statistics, June, 1918.

<sup>4</sup> The members were Louis Kirstein, Captain Kruesi, and Mrs. Florence Kelly. *Monthly Review*, U.S. Bureau of Labor Statistics, October, 1917, p. 30.

conditions under which contracts for army clothing were carried out, that is to say the improvement of sanitary conditions and the elimination of the sweating system. Inasmuch as there were two rival unions in the clothing industry (the stronger of which was not affiliated with the American Federation of Labor), this Board did not contain a representative of the employees, but instead the executive officer of the Consumer's League was appointed.

#### ADMINISTRATOR OF LABOR STANDARDS FOR ARMY CLOTHING

On January 18, 1918, the Board was dissolved, and its functions were taken over by an Administrator of Labor Standards for Army Clothing,<sup>1</sup> who continued the work of the Board and also became very active in the settlement of disputes, in the adjustment of wages, and in determining questions of reasonable output, which more frequently became a matter of controversy in the clothing industry than in any other war activity. Remuneration being largely by piece rates, it became necessary to employ experts who would command the confidence of both employer and employee.

This industry is very much influenced by the fact that large numbers of the workers are recent immigrants, and that many of the employers are recruited from the ranks of the workers. Each side is aggressive, and contests between them have been marked by much bitterness of feeling. Many strikes occurred, but the government work was not impeded to any material extent. (The clothing strike in New York City, which lasted *three* months, did not affect that portion of the New York shops engaged in army work.)

#### THE PRESIDENT'S MEDIATION COMMISSION

On September 9, 1917, the President of the United States appointed a Mediation Commission to deal with the labor unrest of the Pacific Coast, which was delaying the production of copper and lumber, and also to adjust other labor disturbances which at that time were interfering with the government program, and for the settlement of which no adequate machinery seemed available.<sup>2</sup>

<sup>1</sup> Professor William Z. Ripley.

<sup>2</sup> The Mediation Commission consisted of Wm. B. Wilson, Secretary of Labor, chairman, E. P. Marsh, Vernon Z. Reed, Jackson Spangler, and John H. Walker, with Felix Frankfurter secretary and counsel. *Monthly Review*, U.S. Bureau of Labor Statistics, December, 1917, p. 53.

The Mediation Commission spent two months in investigating conditions from Chicago to the Pacific Coast. It induced the packing-houses in Chicago to sign an agreement which provided for arbitration by a federal examiner, and which made certain concessions to the employees, by virtue of which the strike in the packing industry in Chicago and in many western cities was terminated and peace maintained during the remainder of the war.<sup>1</sup>

The Commission also brought about a resumption of activity in the Arizona copper mines, where production had fallen off many million pounds per month. Examiners in the mining districts affected by the strikes were appointed, wage adjustments were made, and collective bargaining was encouraged either through the use of existing machinery or through the creation of new, and grievance committees were provided for at each mine, so that peace was maintained during the entire period of the war. The Commission was also able to prevent serious strikes among the telephone operators in California and Washington and, in the very able report submitted by it to the President, to point out the dangers involved in the unsatisfactory relationship between capital and labor which its investigations disclosed. In assessing upon the employer his measure of blame for these conditions, in its analysis of the causes of the spread of the I.W.W., and in the recommendations with which the report is concluded, the Commission performed a very real service. The report and its recommendations have their lessons for the period of peace as well as of war.<sup>2</sup>

#### NATIONAL HARNESS AND SADDLERY ADJUSTMENT COMMISSION

The next national commission in point of time was the National Harness and Saddlery Adjustment Commission,<sup>3</sup> created September 26, 1917, by agreement between a large number of manufac-

<sup>1</sup> The decision of Judge Alschuler, examiner under the arbitration agreement, is set forth in the *Monthly Review*, U.S. Bureau of Labor Statistics, May, 1918.

<sup>2</sup> It has been republished in full in the *Annual Report of the Secretary of Labor* for 1918.

<sup>3</sup> Stanley King, representing the Secretary of War, was chairman of the Commission; he was succeeded by Major S. J. Rosensohn. The employers were represented by Henry Diegel and the union by W. E. Bryan. Majors Fair and Simpson represented the Quartermaster and Ordnance departments respectively.

turers and the United Leatherworkers' International Union, and providing that for the duration of the war the Commission should fix wages and "adjust grievances of employees engaged on governmental work, and that there shall be no interruption of such work."

The Commission adjusted wages, fixed hours, made rulings relative to overtime payments, and maintained peace in the industry for the period of the war.

#### INDUSTRIAL SERVICE SECTION, ORDNANCE AND AIRCRAFT DEPARTMENTS

The War Department was also compelled to provide machinery for the settlement of disputes in connection with the manufacture of ammunition and ordnance, and early in January, 1918, the Industrial Service Section of the Ordnance Department was created, charged with the general supervision of labor matters in connection with Ordnance manufacture.<sup>1</sup> One of its first tasks was the constitution of a mediation branch charged with the maintenance of industrial peace in the thousands of shops throughout the country with which the Department had contracts. Conditions in government arsenals were under the direct control of the office of the Secretary of War, in which several special assistants for labor matters had been appointed. The Industrial Service Section was a branch of the Ordnance Department, but it also maintained a close connection with the office of the Secretary of War, from which important cases were sometimes directly handled.<sup>2</sup> Branches of the Industrial Service Section were established in the district Ordnance offices throughout the country, and detailed work of mediation and adjustment was carried on in these district offices.

Somewhat later an Industrial Service Section was organized for the Bureau of Aircraft, and later still the work of these two sections was to a certain extent unified by reason of the appointment of Major B. H. Gitchell as head of both Industrial Service sections. The field organizations, however, were separately maintained in the respective district offices of Ordnance and Aircraft.

<sup>1</sup> Dean Herman Schneider was the head of the Industrial Service Section and was succeeded by Major William J. Rogers and then by Major B. H. Gitchell.

<sup>2</sup> The Secretary of War appointed special arbitrators to settle wage controversies in groups of munition plants and also several arbitration boards to apply wage awards in New York, Buffalo, and other localities.



## THE RAILROADS

The first step toward the creation of special machinery to preserve industrial peace on the railroads was the appointment by the Director General on January 18, 1918, of a special commission, known as the Lane Commission,<sup>1</sup> which made its report, recommending increases in wages and the appointment of a permanent Board of Railroad Wages and Working Conditions. This was one of the few boards which did not contain a labor representative. All the members were lawyers by profession, and three of them were, at the time of their appointment, serving the government in important public offices. Their award was the most conservative made by any war mediating body, and one which would have been immediately rejected had not the unions controlling the movement of the trains been extremely moderate and patriotic. It was followed by a large number of strikes by railroad shopmen who before the war were to a considerable extent unorganized, but who rapidly joined the International Association of Machinists after the Lane award.

By General Order No. 27 the Director of Railroads promulgated the recommendation of the Commission, with a few changes, and established a Board of Railroad Wages and Working Conditions as advisory to the Director of Railways, with six members, three representing the railways and three the unions.<sup>2</sup>

At different periods thereafter three additional wage boards were created, known as Railroad Boards of Adjustment, Nos. 1, 2, and 3. Each board contained an equal representation of the Railway Administration, usually officials of the railways and of the unions over whose members the Board had jurisdiction.

Board of Adjustment No. 1 consisted of eight members and dealt with those activities connected with the movement of the trains embracing the trades of the four railroad brotherhoods.

Board No. 2, with twelve members, had jurisdiction over the railway shopmen; while Board No. 3, with eight members, con-

<sup>1</sup> The members of the Commission were Secretary Franklin K. Lane, Charles C. McChord, J. H. Covington, and William R. Wilcox. *Monthly Review*, U.S. Bureau of Labor Statistics, June, 1918, p. 21.

<sup>2</sup> *Report of Director of Railroads for 1918. Proceedings of the Academy of Political Science*, February, 1919, p. 64.

cerned itself with wage adjustment and controversies involving railway switchmen, telegraphers, clerks, etc.

The jurisdiction of these three boards extended over employees who were working under agreements with their respective railroads. To adjust controversies for other employees and to exercise general supervision over all labor matters, a Labor Director was appointed,<sup>1</sup> and a special section was created to look after women employees.

Through the activities of these boards the wages of railway employees were from time to time revised, and the process of standardization, which was interrupted by the decision of the Lane Commission, was carried out.

It should also be noted that control of many of the less important railroads was not taken over by the government, but they remained throughout the war under the management of their owners. With regard to these roads the Board of Mediation and Conciliation, created under the Newlands Law, continued to exercise its good offices. It had quite a busy time reconciling the very natural desires of the men employed by the smaller roads to receive the same compensation as their fellow-workmen on government-controlled railways, with the limited financial abilities of the smaller roads which, not being operated by the government, did not receive the guaranty of net income enjoyed by the government-controlled roads.

#### COAL MINERS

Controversies at the coal mines were, in the early months of the war, handled either by existing trade boards or by the Labor Department. These matters were thereafter adjusted by the Fuel Administrator, who from time to time issued orders settling disputes in different fields.<sup>2</sup>

On July 23, 1918, the Fuel Administrator announced an understanding with the United Mine Workers of America and the Secretary of Labor, by virtue of which the adjustment of labor questions was to remain under the jurisdiction of the Fuel Administrator, and a Bureau of Labor was created, of which John P. White, until

<sup>1</sup> W. S. Carter, president of the Brotherhood of Firemen and Enginemen.

<sup>2</sup> *Monthly Review*, U.S. Bureau of Labor Statistics, March, 1918.

then president of the United Mine Workers of America, and Rembrandt Peale, a coal operator, were appointed joint heads.<sup>1</sup> Thereafter wage scales for both bituminous and anthracite fields were adjusted by this Labor Bureau, which appointed a number of field assistants.

It will thus be seen that machinery was developed in connection with most, if not all, of the important productive and operating departments of the government for the settlement in these departments of labor disputes arising in connection with their work. The Labor Department thereafter largely confined the work of its mediators to disputes arising in other fields.

GENERAL AGENCIES: NATIONAL WAR LABOR BOARD

There were, however, many lines of industrial activity which were not directly covered by the special war agencies which have been enumerated. Numerous disputes had occurred or were threatening in connection with street railways, the operation of which, while vital to the war program, was not within the scope of any specific body. There were also many actual or threatened controversies among printers, laundry workers, clerks, and in many other not strictly war trades. It was realized that there was hardly an occupation which did not more or less closely connect up with the war, and that the morale of the nation—of greatest importance in war time—would be weakened by labor disputes.

There had been organized, some time before our participation in the war, an advisory body of employers, known as the National Industrial Conference Board, consisting of representatives of seventeen of the most important National Employers' Associations in the country. This body, at the invitation of the Council of National Defense, presented on September 6, 1917, a series of recommendations to prevent interruption of industry by labor disputes. They recommended the creation of a board, constituted equally of representatives of employees, employers, and the government,<sup>2</sup> whose function was to be the maintenance of industrial peace and the avoidance of strikes.

<sup>1</sup> *Monthly Labor Review*, September, 1918. Mr. White was succeeded by Mr. Warren Pippin.

<sup>2</sup> See statement of the National Industrial Conference Board respecting the National Labor Situation and Recommendations, etc., to the Council of National Defense.

No immediate steps were taken to carry out this recommendation, but as the administration came gradually to realize the complications of the labor problem the need was felt for a more unified method of handling labor questions, and a series of conferences was held, resulting in the appointment of an Advisory Council on January 16, 1918.<sup>1</sup> This in turn resulted in the appointment of the War Labor Conference Board, which consisted of five representatives of the National Industrial Conference Board and five representatives of the American Federation of Labor, each of whom elected a representative of the public to act as chairman. The representatives of the National Industrial Conference Board elected Ex-President Taft, and the labor representatives elected Frank Walsh. The War Labor Conference Board made its report to the Secretary of Labor, recommending the appointment of the National War Labor Board, and on April 9, 1918, the President issued a proclamation appointing the National War Labor Board and adopting the principles recommended by it. The persons appointed by the President were the same as those constituting the War Labor Conference Board.

Thus an entire year after our entry into the war, and long after most of the labor-adjusting agencies before referred to were created, there was organized a Labor Court which, in the seven months which elapsed before the signing of the armistice, was to become one of the most important war agencies and in some sense a Supreme Court for labor controversies. It had the advantage of having been created by presidential proclamation and of having an ex-president of the United States as one of its chairmen. Unlike any other war mediating board, its jurisdiction was not limited to any one department of the government, but it was authorized to consider any dispute whatever, except in cases where existing methods for its peaceful determination had not been exhausted. It was given broad powers to summon witnesses and to institute investigations into any causes of industrial controversies. It handled an incredibly large number of complaints and strikes arising all over the country and involving many different trades and many different war activities. It symbolized in the public mind

<sup>1</sup> *Monthly Review*, U.S. Bureau of Labor Statistics, April, 1918; *Journal of Political Economy*, May, 1919.

the position of the government—that the manufacture of war necessities must proceed uninterruptedly; it supplied a method by which, in theory at least, any industrial wrong could be righted without resort to the strike, and upon this ground a number of injunctions were issued by state courts against picketing and striking;<sup>1</sup> and yet the Board had no statutory powers and could not assert its jurisdiction over any individual or corporation who refused to submit to its authority.<sup>2</sup> In point of fact, other war adjusting agencies had apparently greater powers, because they legislated and judged for employers, who in many cases were bound by contract to abide by their decision in all matters of labor disputes, and because the workmen under their jurisdiction, in cases like the Railroad Administration and the Navy and Arsenal boards, were in the government employ; yet the actual power of the National War Labor Board was greater and its influence far deeper. It had behind it not only the force of public opinion and the war psychology but the active support of the President and his willingness to use his tremendous war power to enforce compliance with its principles and its awards.

In this connection we must clearly differentiate between the period before the signing of the armistice and that which succeeded it. Before the signing of the armistice there were very few cases in which the principles of the Board were openly violated and its jurisdiction resisted. In two cases the recalcitrancy of employers—Smith & Wesson of Springfield, and the Western Union Telegraph Company—was considered sufficiently important to justify the government in exercising its war power to take over the industries in question. In a third case it was a refusal of the employees—the mechanics employed in the munition plants in Bridgeport—to abide by the decision of an umpire appointed by the Board which necessitated drastic action. The legal power of the government over the employees was not as great as that over the employer. The President of the United States made a direct appeal, however, to the workers to return to work and to abide by the decision of the

<sup>1</sup> *Rossenwasser Bros. v. Pepper*, as President of Local Union 72, United Shoe Workers of America, 104 Miscellaneous, p. 457, decided by New York Supreme Court, Queens County, October, 1918.

<sup>2</sup> Decision, National War Labor Board, Supplemental Proceedings, *Employees v. Kansas City Railways*, Docket No. 265.

War Labor Board, at the same time threatening them that unless they did so they would not be employed in any war industry in the community in which the strike occurred for the period of one year, that they could not claim draft exemption on occupational grounds, and that during that time the United States Employment Service would decline to obtain employment for them in any war industry elsewhere.<sup>1</sup> As a result of this appeal the men returned to work. There were also cases of refusal by both employers and employees to submit their cases to the War Labor Board, but they received very little publicity, and for one reason or another no drastic action was taken.

Since the signing of the armistice the situation has entirely changed. The feeling that under no circumstances must an industrial dispute be allowed to develop into a strike has largely disappeared, and there has been substituted therefore the indifference with which the public has always regarded this form of industrial waste. Very many cases have arisen in which the employer has violated the principles of the War Labor Board and has refused to submit to its jurisdiction or to abide by its findings. The government, however, now that the extreme emergency is over, has passed these cases by with apparently no intention to continue to use its still existent war powers.

The National War Labor Board developed a large expert organization to aid in its work. Investigations were made into the cost of living, and standards were determined for a minimum-subsistence and a minimum-comfort wage.

Examiners were appointed who in many cases conducted investigations and hearings preliminary to proceedings before members of the Board. In most cases the Board divided itself into sections, each consisting of one employer and one employee, the findings and decisions of these sections being confirmed by the entire Board. In this way the Board was able to cover very much more ground than would have been physically possible had the entire Board attempted to conduct all the proceedings.

After decisions were reached examiners were frequently placed by the Board in charge of their application and enforcement, with the right of either side to appeal from the decisions of the examiners

<sup>1</sup> *Monthly Labor Review*, October, 1918, p. 24.

to the Board. The practice of collective bargaining was always insisted upon, and elections for this purpose were held under the examiner's direction. In many cases requests for wage increases were referred back to be settled by the parties in interest through collective bargaining, with the right of appeal, in case of failure to agree, to examiners or the Board.

Before the signing of the armistice the Board took jurisdiction in any proper case upon complaint of either party. In cases where both sides submitted a controversy to the determination of the Board a unanimous vote of its members was required, in the absence of which an umpire was selected, also by unanimous vote, whose decision was to be final; if, however, the controversy came before the National War Labor Board on complaint of one of the parties, the other party not having agreed to submit, the Board had the power to make findings without unanimous concurrence of all of the members, but in such cases it could not compel either side to abide by the decision. After the signing of the armistice the Board adopted the rule of refusing to take jurisdiction except upon the joint submission by both sides or upon the request of the President through the Secretary of Labor.

#### WAR LABOR POLICIES BOARD

Two other boards should be mentioned, which, while not labor-adjustment boards in themselves, were an important part of the labor administration and influenced the settlement of industrial disputes. The first of these is the War Labor Policies Board, the chairman of which was appointed by the Secretary of Labor on May 13, 1918,<sup>1</sup> and which consisted of representatives of the departments and boards who were largely concerned with labor.<sup>2</sup> Its functions were administrative, to develop policies for a unified labor administration "and to co-ordinate the various and frequently inconsistent methods of governmental departments which are dealing with the labor problems involved in production."<sup>3</sup>

<sup>1</sup> *Monthly Review*, U.S. Bureau of Labor Statistics, June, 1918, p. 56.

<sup>2</sup> The chairman of the Board has been Felix Frankfurter; other members are enumerated in the *Monthly Labor Review*, July, 1918, p. 23.

<sup>3</sup> *Monthly Labor Review*, July, 1918, p. 23.

Among the tasks undertaken by the War Labor Policies Board was the national standardization of wages—a stupendous undertaking which was never completed.

#### CONFERENCE COMMITTEE OF LABOR-ADJUSTMENT AGENCIES

The Conference Committee of National Labor Adjustment Agencies was established in September, 1918 (largely as a result of lack of decisive action by the War Labor Policies Board), to provide a method of harmonizing and standardizing the labor decisions and wage adjustments of the various departments and boards. Before wage awards were made they were to be submitted to the Conference in order to secure greater uniformity and to avoid an award by one government agency which would upset conditions in other war industries. The Conference was organized so short a time before the signing of the armistice that it did not get a chance to accomplish very much, but it did useful work and would have developed into a very valuable part of the labor administration had the war lasted longer.

#### PRINCIPLES APPLIED BY LABOR-ADJUSTING AGENCIES

More important to the future of the industry than a history of the organization of the adjusting agencies is a consideration of the principles which they sought to apply. These will be found expressed in three places: (1) declarations of officers of the government or of labor-adjusting agencies in the form of resolutions, statements, or executive orders; (2) agreements between groups of employers and employees to which one or more government agencies are usually parties; (3) decisions of boards of adjustment.

An examination of these sources from the first official statement of a war-labor policy, contained in the resolutions of the Committee of Labor of the Council of National Defense, as amplified on April 21, 1917, by the Council,<sup>1</sup> and on April 23, 1917, by the Secretary of Labor, to the latest decisions of the National War Labor Board, will show that a set of general principles was gradually developed which was applied with reasonable consistency by all the labor boards and which constituted a broad and fairly liberal labor

<sup>1</sup> *Monthly Review*, U.S. Bureau of Labor Statistics, June, 1917.



policy. It was with regard to wages and overtime rates that policies were most divergent, while conflicts were the result of overlapping of jurisdiction more often than of differences as to questions of general policy.

At the outbreak of the war the emphasis among those in authority was mainly on the maintenance of the *status quo*. Subsequent events have shown the correctness of this attitude as far as it opposed the abolition of established safeguards protecting the health and safety of the workers. The maintenance of the *status quo* was also the desire of the anti-union employers' associations, which feared that advantage might be taken of war conditions to impose the closed union shop where it had not existed before the war. The emphasis on the maintenance of existing conditions in the first labor utterances of the Council of National Defense went so far as to indicate that there should be no attempt by the workers to obtain any improvement in wages or hours during the war. This was frequently the attitude of employers, but we do not find it embodied in any of the subsequent statements of principles. On the contrary, a tendency developed, which became more marked as the war progressed, toward a shorter basic day and toward a minimum living wage.

The following examination of principles is in the main in the order of their enumeration by the National War Labor Board.<sup>1</sup>

*There should be no strikes or lockouts during the war.* Upon no principle was there more general agreement. It was universally felt that the private interests of both employer and employee must, during the war, be subordinated to the nation's vital needs to secure an uninterrupted supply of war materials.

On the other hand, the war produced economic conditions—prosperous business, a scarcity of labor, and a rapidly increasing cost of living—the natural result of which was an increase in the number of strikes.<sup>2</sup> There were many other factors in the situation: the bitter opposition of many large employers to labor unions and their unwillingness to deal with union representatives, the inability of national labor leaders to control the action of locals,

<sup>1</sup> *Official Bulletin*, April 1, 1918, p. 7.

<sup>2</sup> John R. Commons, *Industrial Goodwill*, p. 171.

and the inability of locals to control their own members. Adjustment boards were overworked, and their frequent delays put a premium upon strikes by reason of the fact that, with a cessation of work imminent, there was a likelihood that a board would act very much more quickly than if there was no danger of the men walking out.

As a resultant of all these forces there were many strikes; accurate comparisons are unfortunately impossible, but there were probably many more than for any period of similar length in the country's history; the interruptions of work were usually, however, of very short duration and on the whole did not seriously delay production. Most strikes were local and did not receive the sanction of the national leaders. The chairman of one of the most active wage boards has recently said that "every national trade union, having an agreement with the government during the war, carried out that agreement to the letter."<sup>1</sup> To this statement there should, however, be added that, with a very few exceptions, the national leaders did not punish the locals for striking in spite of agreements not to do so; nor would the picture be a fair one if attention were not called to the fact that the attitude of many employers was at times so hostile and provocative that it is surprising that still more strikes did not occur in many jurisdictions.

The Administrator of Army Clothing, resenting the number of local strikes which had occurred against the wishes of the national officers, threatened that if they continued he would refuse to assume jurisdiction, and also that if he did take jurisdiction retroactive decisions awarding pay for time lost in case of reinstatement might be refused.<sup>2</sup> Strikes, however, continued to be matters of frequent occurrence in almost every trade.

*The right to organize and to join a labor organization of the worker's choice* is granted in the principles of the National War Labor Board; this principle was adopted by other mediating bodies and became one of the fixed rules under which all of the labor-adjusting agencies conducted their work. If an employee was discharged and claimed that the reason was solely his membership in a labor organization, he would be able to receive redress by making complaint to the

<sup>1</sup> V. E. Macy, in *National Civic Federation Review*, February 15, 1919.

<sup>2</sup> Decision of Administrator in case of Pahl-Hoyt Co., September 12, 1918.

representative of the Board having jurisdiction. Complaints of this kind were numerous, and investigations frequently developed facts substantiating the charges, in which case reinstatement of the employee was ordered, usually with back pay for the time lost. The records of the adjusting agencies show how widespread and bitter was the opposition on the part of large employers to the organization of their men into labor unions. The need of plant protection during the war made it essential that detectives be employed in all large war plants to guard them from enemy plots or propaganda. The presence of these men made it very easy to use them against legitimate union activity. No one at all familiar with the situation can doubt that they were frequently used to prevent agitation of any kind for better shop conditions, and that there was a tendency on the part of both private detectives and government secret-service agents to regard as pro-German and treasonable any discontent of the workers or any efforts to organize them into unions. Discharges for union activity were in many cases persistent and constituted the most frequent violation by employers of the government's war labor policy as well as a fruitful cause of irritation and of local strikes.

*Collective bargaining.* The desirability of collective bargaining for the maintenance of industrial peace and the improvement of the relationship between employer and employee is emphatically set forth in the report of the President's Mediation Commission, and that body insisted, wherever it went, upon setting up proper machinery for this purpose. The National War Labor Board followed the same policy, affirmed the right of collective bargaining in its "principles," and frequently delegated to the newly created committees, consisting of representatives of management and workers, the settlement in the first instance of many of the questions at issue. The same policy was adopted by the administrator of Labor Standards in Army Clothing, by the Shipbuilding Adjustment Board, and to a lesser extent by the other government mediating agencies. A tremendous campaign of education was carried on and many employers who had never realized the desirability of collective bargaining have come to see its merits through being forced to make use of it during the war.

*The maintenance of the status quo as to the open and closed shop* was provided for by the decisions of the mediating bodies as well as in their declarations of principles; that is to say, if a shop was open before the war it should remain an open shop, and vice versa. The one exception was the Cantonment Wage Adjustment Board (later known as the Emergency Construction Wage Adjustment Board), which was formed for the express purpose of permitting non-union men to work with union mechanics in the building trades, and it was on this distinct understanding that the Adjustment Board was created by the agreement between the Secretary of War and organized labor. Builders who had before the war maintained closed shops were to be permitted to engage non-union men so that every available mechanic could be used, but union conditions as to wages, hours, etc., were to apply. At a later date, after the principles of the National War Labor Board had been enunciated and it became understood that this body was to be the supreme authority for the adjustment of labor disputes, the Secretary of War instructed the Emergency Construction Commission to modify its rules in conformity with the rules adopted by the National War Labor Board, and from this time on there was absolute uniformity throughout all the Boards on this point.

*The maintenance of "established safeguards and regulations for the protection of the health and safety of the workers,"* a principle enunciated by the National War Labor Board, was also very generally applied. This was one of the principles contained in the early declarations of the Council of National Defense and in General Order No. 13, issued by the Chief of Ordnance on November 14, 1917. Improvement in the physical conditions of war plants did not, however, play a very important part in the decisions of arbitration boards, though there were cases in which such improvement was ordered. Many of the adjustment boards handled matters of this kind through their field agents, and in the cases of the Ordnance and Aircraft departments they were taken care of by other branches of the Industrial Relations Sections rather than by the mediators themselves.

*Wages.* Never before was there so widespread an effort to fix wages by judicial process, and wage adjusters were forced to

seek standards in accordance with which awards could be fairly made. That "there is no scientific method for accurate wage fixing" is frankly admitted in many of the decisions.<sup>1</sup> The starting-point for the work of the boards was usually determined in the agreements under which they were constituted. In organized trades union scales, at the time of the creation of the wage-adjusting boards, were frequently taken as the standard. This was the case with the Cantonment Adjustment Commission and the National Harness and Saddlery Commission.

The Railroad Wage Commission went back to the wages of 1915 and fixed new scales by addition to the 1915 rate of the lowest-paid worker the full increased cost of living, but scaling the increases down to zero for the man who earned \$3,000 a year. The first decisions of the Shipbuilding Adjustment Board were also based upon the wage rates of 1915 but were arrived at by adding to every man's pay the full increase in the cost of living, and from time to time thereafter additional advances were made to the exact extent to which the Commission believed the living costs had increased.

The Fuel Administration, on the other hand, seems to have based its wage advances not so much upon the increased cost of living as upon the necessity for meeting competition of other war industries and keeping the men at the coal mines. This consideration was also an important factor in the later wage adjustments of the Railroad Administration.

The rising costs of the necessities of life were always urged at the hearings of the boards as a reason for increases in pay, and all labor-adjusting agencies kept themselves informed of the calculations of the Department of Labor as to the extent of the increase and usually heard testimony of the men as to the increases for the particular locality in which the hearing was being held. Most of the boards, however, do not seem to have fixed the new rates in accordance with an exact mathematical calculation of the increased cost of living but seem to have taken this into account as only one of the factors upon which to base their conclusions.

<sup>1</sup> Decision of Judge Alschuler in the Packing House Case, dated March 30, 1918. *Monthly Review*, U.S. Bureau of Labor Statistics, May, 1918.

As a general rule wage advances were not as great as the increased cost of living. This is especially true where a fairly liberal scale was paid prior to the war, as in the cases of the highly organized workers such as the building trades. The lowest paid were those whose wages increased most. A study of the wage awards of the National War Labor Board for street-railway workers will show that for the eastern district the awards for motormen varied from 42 to 48 cents per hour. Some of the men were receiving in 1914 as low as 22 and 24 cents per hour; their pay was increased to 43 and 45 cents per hour, and they therefore received increases of from 85 to 100 per cent. (The increased cost of living from 1914 to August, 1918, was estimated at about 65 per cent.)<sup>1</sup> Some of the men received from 29 to 31 cents per hour in 1914 and were increased to 45 and 48 cents per hour, making their rate of increase from 50 to 55 per cent. Similar comparisons could be made in other unskilled and semiskilled trades. An examination of the increases in the wages of building-trade mechanics will show that the organized men in large cities received comparatively small increases, whereas the men whose wages were low showed much larger advances.

The tendency was toward standardization and uniformity, resulting in greater increases for some of the workers than for others. Nor was this wage movement confined to the government-controlled industries; the lowest paid in private industry were in many cases given advances in salary as great as, and in some cases even greater than, those awarded by the government mediating boards. The United States Steel Corporation, the vast majority of whose employees were unskilled and unorganized, increased wages from January, 1915, to October 1, 1918, 131 per cent in eight voluntary advances from February 1, 1916, to October 1, 1918;<sup>2</sup> and for the steel industry in general, in which wages as low as from 15 to 20 cents per hour had been paid to unskilled laborers, wage advances were made which averaged 121 per cent for the entire country.

During the summer and fall of 1918 it was thought by some of those engaged in labor adjustment that the time was near at hand

<sup>1</sup> Wm. F. Ogburn, in *Proceedings of the Academy of Political Science*, February, 1919, p. 230.

<sup>2</sup> *Seventeenth Annual Report*, United States Steel Corporation.

when labor, as a war sacrifice, would have to forego its right to receive increases in wages commensurate with the increases in the cost of living.

It is difficult to conceive of the acceptance by labor of the deprivation which such a renunciation would in some cases have entailed, unless private profit had been entirely eliminated from war industry, and unless there had been a radical curtailment of profiteering elsewhere. At any rate, the armistice was signed before any general application of the suggestion was attempted.

*Minimum wage.* As to the minimum wage the policies adopted were quite divergent. The National War Labor Board declared that workers, including common laborers, were entitled to a wage "which will insure the subsistence of the worker and his family in health and reasonable comfort." A statement to the same effect is also contained in General Order No. 13 of the Ordnance Department, before referred to. This principle was not expressly enunciated by the other mediating agencies but undoubtedly influenced their decisions; the National War Labor Board seems to have made the most earnest attempt to avoid setting rates which would not give the worker a minimum of subsistence. The careful studies of its experts showed that at the close of the war a minimum-subsistence wage for a typical American family of five members was \$34.80 per week, and it was the wish of some members of the Board not to award less than this amount for common labor; the fact, however, that a great deal of overtime was being worked, and that existing standards were so far at variance with the proposed scale that its adoption might unsettle industry, led to strenuous opposition from the employing members of the Board, and a lower minimum was established.<sup>1</sup> In one case<sup>2</sup> common laborers had asked for only 30 cents per hour but were awarded 40 cents because this amount was being paid other war workers for similar work, and because the 40-cent rate came nearer to meeting minimum living requirements. At a later date 42½ cents per hour was set as the rate for common labor, and later 45 cents.

*Equal pay for equal work irrespective of sex or color* is another principle upon which all wage-adjusting boards were agreed. The

<sup>1</sup> Frank P. Walsh, *Survey*, December 7, 1918.

<sup>2</sup> *Employees v. Frick Co. et al.*, of Waynesboro, Pa., Docket No. 40.

reason for this rule was not only to do social justice to women and colored men but also to protect the men against the use of women to keep down the wages.

The shortage of labor required the introduction into industry of several million women workers and the dilution of the skilled trades. The unions readily consented to this influx of women into the shops, on the condition, however, that they be paid the same wages as men.

The application of the principle of equal pay to colored men received great publicity when it was proclaimed by the Railroad Wage Commission, and after its consistent employment throughout the war period it can be said that the principle of equality of payment is now firmly established as a maxim of public policy. To what extent the universality of its application will survive the war it is difficult to say. The combined force of public opinion and the labor unions will undoubtedly compel its enforcement wherever labor is organized.

*Hours of work.* There was a strong tendency toward the establishment of a basic eight-hour day which was introduced or extended in practically all of the war industries. The National War Labor Board did not in its statement of principles adopt the basic eight-hour day, except where required by existing law, but stated that ". . . the question of hours of labor shall be settled with due regard to governmental necessities and the welfare, health, and proper comfort of the workers." In practice the board usually awarded the shorter basic day, and many of its decisions (especially those of some of its umpires) point out the fact that the eight-hour day has been generally accepted as a settled policy of the government and adopted in most private industries.

In many cases employers voluntarily adopted the shorter day, anticipating formal demands of the workers, so that the movement for the eight-hour day, which had its inception during the Civil War, may be said to have resulted in its almost universal adoption during the present world-struggle.

*Overtime rates.* Here there was a great lack of uniformity. The Emergency Construction Adjustment Commission applied union rates, and in the building industry these usually called for double time for overtime. The Railroad Administration did not



grant any extra remuneration for overtime "except where classes of employees had, previous to government control, secured the eight-hour day with time and a half for overtime."<sup>1</sup> The President of the United States, in his proclamation of March 24, 1917,<sup>2</sup> in which he suspended the operations of the eight-hour law and permitted a larger number of hours in government work, provided that at least time and one-half should be paid therefor. Time and one-half for week days, with double time for Sundays and holidays, was the rate usually adopted, although there were special cases where very much higher overtime rates were allowed.

It was in a failure to formulate proper rules limiting the number of hours of overtime work per day and per week that the labor administration made its greatest blunder. Such a restriction would have required administrative machinery to allow of exceptions in cases of real urgency, but the creation of such machinery did not present any formidable obstacle. At first there was no limitation whatever of the number of hours of overtime permitted to be worked. Most of the contracts were on a cost plus basis; in some cases the fee was a fixed amount, in others a percentage of the cost. In neither case did the contractor have any financial incentive to keep costs down, and in the latter case he directly profited by the increased cost. There was tremendous competition for workers which frequently took the form of offering excessive amounts of overtime as an inducement to get men. So far from increasing production, this resulted in a heavy labor turnover, as workers drifted from place to place seeking the largest obtainable amounts of overtime.

Some relief was secured by the rules of individual boards, limiting the overtime permitted to workers under their jurisdiction, but in most cases these rules were loosely enforced and were inadequate to meet the situation.

It was also found that the high earnings caused by excessive amounts of overtime resulted in irregularity of attendance. To overcome this evil the rule was adopted by some of the boards that no overtime would be allowed unless a minimum number of hours had been worked during the week; and to discourage excessive

<sup>1</sup> "Labor," in *Report of Director General of Railroads* for 1918, p. 9.

<sup>2</sup> *Monthly Review*, U.S. Bureau of Labor Statistics, July, 1917, p. 55.

overtime it was sometimes provided that, if a worker was required to work more than ten hours in any single day, he would be entitled to overtime for that day irrespective of the number of hours worked during the week.

These rules helped the situation, but their adoption came too late, they covered too small an area, and the regulations were too loosely enforced to affect appreciably the overtime evil which, until the signing of the armistice, continued to be a source of inefficiency, wasteful turnover, and needless expense.

When the armistice was signed the government went from one extreme to the other, and a general order was issued requesting that all overtime be eliminated. The enforcement of this order caused a great many strikes, which can be explained in part by the fact that in many cases overtime was taken into consideration when wages were fixed; that is to say, higher wages would have been awarded had not the adjustors known that overtime at increased rates would be worked and consequently set the wages at a figure lower than they would otherwise have done.<sup>1</sup>

#### AREA COVERED BY AWARDS

It is impossible to state accurately the number of men whose wages were fixed during the war by labor-adjusting agencies, as complete or accurate statistics are not available. We know that all the employees of the Railroad Administration and of the Emergency Fleet Corporation should be included in such a list—over two million for the Railroad Administration<sup>2</sup> and three hundred and seventy-five thousand for the Shipping Board.<sup>3</sup> The National War Labor Board fixed the wages of hundreds of thousands of street-car employees, workers in steel plants and machine shops, in the building trades and public-service corporations, laundry workers, printers, and of many others in minor trades.<sup>4</sup> The

<sup>1</sup> See Frank P. Walsh, *Survey*, December 7, 1918, p. 302; Judge Alschuler, the Packing House cases, *Monthly Review*, U.S. Bureau of Labor Statistics, May, 1918.

<sup>2</sup> W. S. Carter in *Proceedings of the Academy of Political Science*, February, 1919, p. 73.

<sup>3</sup> *Journal of Political Economy*, March, 1919, p. 147.

<sup>4</sup> The Labor Department estimates that 859,239 workers were directly involved in cases referred by it to the National War Labor Board up to June 30, 1918. This represents only a portion of the men directly involved in the adjustments of the National War Labor Board. See *Sixth Annual Report of the Secretary of Labor*.

Emergency Construction Commission of the War Department employed at one time as many as four hundred thousand building-trade mechanics. The decisions in the packing industry involved over one hundred thousand men;<sup>1</sup> the telephone and telegraph, under federal control, half a million men. The National Adjustment Commission adjusted the wages of most of the long-shoremen; the Ordnance and Aircraft departments determined wage scales in thousands of shops throughout the country, more than a million men and women having been directly affected by the decisions of the adjustment agencies of these two departments. The coal miners were practically all covered by the rulings of the Fuel Administration, and so on throughout the industries of the country. A very large proportion of the workers were immediately concerned, and all felt directly or indirectly the influence of the government awards.

We might have expected that the experience of arbitration on so extensive a scale would have shed a flood of light on the problem of how peaceably to settle industrial disputes, because, not only was the work of labor adjustment carried on over a wide area, but there were represented in the adjustment bodies a great many different types of organization, a comparison of whose work might have led to very valuable conclusions. As to size, the boards varied from a membership of one, as in the case of the Administrator of Army Clothing, to the National War Labor Board, which consisted of twelve. Most of the boards provided in their membership for direct representation of employer and worker; there were, however, important agencies which were without such representation.<sup>2</sup>

It is the opinion of the writer that representation of capital and labor is desirable, if not essential, and yet the work of all the boards where such representation was lacking was very successful, except the New York Harbor Wage Adjustment Board and the Railroad Wage Commission, in both of which other factors entered. Many

<sup>1</sup> Report of President's Mediation Commission.

<sup>2</sup> The Industrial Service Sections of Ordnance and Aircraft, the Administrator of Labor Standards for Army Clothing, the New York Harbor Adjustment Board (as at first constituted), and the Lane Railroad Wage Commission were without direct representation of either side. No member of the Shipbuilding Adjustment Board represented the shipyards.

of the boards were composed of an equal number of representatives of employer and employee; others added a representative of the public, in whom was vested the deciding vote in case of a tie, or provided for the appointment of an umpire in such a contingency. Successes and failures of adjustment agencies of both types could be instanced.

Industrial peace is maintained, not so much by any particular type of arbitral machinery, although the war experience has shown that it is important to have ready at hand arbitration boards properly constituted and able promptly to decide the matters at issue, as by enlightened public opinion and by a conciliatory attitude of both sides with regard to the subject-matter of the controversy.

No form of mediation or arbitration will avail for any length of time to keep peace, where both sides are strongly organized, if there is lacking a reasonable agreement on the most important issues. In other words, if there exists any fundamental disagreement between capital and labor as to matters which both sides consider vital to their own interests, neither will for any length of time submit to an adverse decision, but will attempt to obtain its own way either by an immediate rejection of the award or, at the expiration of the period during which the adjudication was to remain binding, by means of a strike or lockout.

Here lies the industrial danger of the future. The records of every adjustment agency will show that there exists between even the conservative representatives of organized labor and many of the largest employers of the country disagreements on matters which each considers fundamental.

Wide differences of opinion cannot be adjusted by any form of arbitration. A reconciliation of opposing views by means of education and study, by the adoption by both sides of a statesmanlike attitude, and by mutual concessions to tide over the period that must elapse before divergent ideas can be brought closer together—all these are necessary if we are to avoid industrial disturbances of great magnitude.

The world-war has witnessed an entirely new realization by labor of its power in the community. This newly recognized strength was not exercised during the war except to obtain for the

workers a fair remuneration, the extension of the eight-hour day, and such conservative requests as collective bargaining and the right to organize into trade unions. After the signing of the armistice the first demand of a radically different nature was made when the railroad brotherhoods submitted to Congress a plan for the control of the railroads by the workers. It is demands of this nature which we may expect in increasing numbers, and with which we shall have to deal intelligently.

How the assertion by labor of its right to *control* industry is to be reconciled with the position still taken by many of the largest employers, who refuse their workers the right of trade-union membership, and who wish to dictate the form of collective bargaining which, if any, they will permit, is the question which stands out unanswered by a study of the work of the boards of arbitration during the war. This is the problem which in the next few years industry will be called upon to solve.

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